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FEDERAL COMMUNICATIONS COMMISSION

EX PARTE OR LATE FILED

CC Docket No. 92-77

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BILLED PARTY PREFERENCE (BPP)

JUL - 2 1993

A. BPP WILL INCREASE, NOT REDUCE CALLER CONFUSION

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

1. "Double Operator"

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a. Even Some BPP Supporters See
Inevitability of Double Operator
Problem

b. Link Between AABS and SS7 Will Not
Be Established for the Foreseeable
Future

FCC MAIL BRANCH

**2. Inconsistent Implementation of BPP will annoy
and confuse consumers**

a. BPP, contrary to claims of some,
cannot be universally deployed for
many years.

(1) SWBT admits that complete implementation
would not occur before 1996.

(2) NYNEX concurs that BPP
would require a lengthy
implementation period

b. Equal Access and Non-Equal Access

c. Locations Served By Small IXCs

(1) Will not be able to
afford to implement BPP
as quickly as large IXCs

(2) Do not have technological
capabilities to implement
BPP

**B. THE ENORMOUS COSTS OF IMPLEMENTING A NATIONWIDE SYSTEM
OF BPP OR ALL O+ INTERLATA CALLS OUTWEIGHS THE
PERCEIVED BENEFITS AND IS CLEARLY NOT IN THE PUBLIC'S
INTEREST**

**1. Contrary to Court And FCC Rulings, BPP Will
Undermine Competition In The Operator
Services Market**

- a. BPP removes commissions for O+ interLATA traffic and thereby removes the incentive to aggregators to install payphones.
- b. Fewer payphones will be detrimental to consumers, especially travellers that make the greatest use of O+ interLATA service.
- c. Without commission-based remuneration for COCOT phones, recovery of the substantial outlay by the owners of those phones will be jeopardized.

2. The Costs Of Implementing BPP Outweigh The Resulting Harm To Consumers

- a. The costs of BPP will ultimately be

additional significant cost of the anti-competitive impact of BPP.

- f. The primary alleged benefit of BPP is giving consumers the ability to avoid having to use a 10XXX access code. The other alleged benefit is the elimination of the commission-based system and a refocusing of marketing efforts to the end-user.
 - g. Weighed against these alleged benefits, the costs are enormous, particularly since (i) consumers largely are already accustomed to using 10XXX, 950, or 800 access methods, and (ii) the supposed benefits from refocusing marketing efforts are speculative at best.
3. BPP Will Restrict Competition In More Than Just The Operator Services Market And Lead To Less Choices For The Consumer
- a. BPP will give some BOCs a bottleneck over IXC traffic and the independent payphone industry will be competitively disadvantaged. According to NYNEX, small, specialized OSPs that provide service at aggregator locations would likely lose a large portion of their business as O+ traffic is directed to major IXCs.
 - b. BPP will restrict, if not destroy, competition from small interexchange carriers
 - c. At considerable expense, small LECs will be forced to implement LIDB interconnection and SS7 to provide O+ access from payphones if BPP is mandated by the FCC. On the other hand, AT&T's calling card services using CIID will not incur the cost of LIDB and will be given a competitive advantage.
 - d. Alternative billing methods may not be possible under a BPP plan

C. COMMISSION EVALUATION OF BPP IS PREMATURE AND SHOULD BE

**Cause Premises Owners To Switch To Private
Payphones, And Thereby Reduce Its Revenues**

- 2. The Commission Should Not Interpose Itself To
Protect Market Share Of Former Monopolists**